

Closer Connection Exception Statement for Aliens

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040NR or Form 1040NR-EZ.

1997

For the year January 1—December 31, 1997, or other tax year
beginning , 1997, and ending , 19 .

Attachment
Sequence No. **101**

Your first name and initial Last name Your U.S. taxpayer identification number, if any

Fill in your addresses only if you are filing this form by itself and not with your U.S. tax return

Address in country of residence

Address in the United States

Part I General Information

- 1 Enter your U.S. visa number, if any ▶
- 2 Of what country or countries were you a citizen during the tax year?
- 3 What country or countries issued you a passport?
- 4 Enter your passport number(s) ▶
- 5 Enter the number of days you were present in the United States during:
1997 _____ 1996 _____ 1995 _____ .
- 6 During 1997, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to change your status to that of a lawful permanent resident of the United States (see instructions)? Yes No

Part II Closer Connection to One Foreign Country

- 7 Where was your tax home during 1997?
 - 8 Enter the name of the foreign country to which you had a closer connection than to the United States during 1997 ▶
- Next, complete Part IV on the back.

Part III Closer Connection to Two Foreign Countries

- 9 Where was your tax home on January 1, 1997?
- 10 After changing your tax home from its location on January 1, 1997, where was your tax home for the remainder of 1997?
.....
.....
.....
- 11 Did you have a closer connection to each foreign country listed on lines 9 and 10 than to the United States for the period during which you maintained a tax home in that foreign country? Yes No
If "No," attach an explanation.
- 12 Were you subject to tax as a resident under the internal laws of (a) either of the countries listed on lines 9 and 10 during all of 1997, or (b) both of the countries listed on lines 9 and 10 for the period during which you maintained a tax home in each country? Yes No
- 13 Have you filed or will you file tax returns for 1997 in the countries listed on lines 9 and 10? Yes No
If "Yes" to either line 12 or line 13, attach verification.
If "No" to either line 12 or line 13, please explain ▶

Next, complete Part IV on the back.

Part IV Significant Contacts With Foreign Country or Countries in 1997

- 14 Where was your regular or principal permanent home located during 1997 (see instructions)?
- 15 If you had more than one permanent home available to you at all times during 1997, list the location of each and explain ►
- 16 Where was your family located?
- 17 Where was your automobile(s) located?
- 18 Where was your automobile(s) registered?
- 19 Where were your personal belongings, furniture, etc., located?
- 20 List social, cultural, religious, and political organizations you currently participate in and the location of each:
 - a _____ **Location** _____
 - b _____ **Location** _____
 - c _____ **Location** _____
 - d _____ **Location** _____
 - e _____ **Location** _____
- 21 Where was the bank(s) with which you conducted your routine personal banking activities located?
 - a _____ **c** _____
 - b _____ **d** _____
- 22 Did you conduct business activities in a location other than your tax home? **Yes** **No**
If "Yes," where?
- 23a Where was your driver's license issued?
- b If you hold a second driver's license, where was it issued?
- 24 Where were you registered to vote?
- 25 When completing official documents, forms, etc., what country do you list as your residence?
- 26 Have you ever completed:
 - a Form W-8, Certificate of Foreign Status? **Yes** **No**
 - b Form W-9, Request for Taxpayer Identification Number and Certification? **Yes** **No**
 - c Form 1078, Certificate of Alien Claiming Residence in the United States? **Yes** **No**
 - d Any other U.S. official forms? If "Yes," indicate the form(s) ►
- 27 In what country/countries did you keep your personal, financial, and legal documents?
- 28 From what country/countries did you derive the majority of your 1997 income?
- 29 Did you have any income from U.S. sources? **Yes** **No**
If "Yes," what type?
- 30 In what country/countries were your investments located (see instructions)?
- 31 List any charitable organizations to which you made contributions and their locations:
 - a _____ **Location** _____
 - b _____ **Location** _____
 - c _____ **Location** _____
 - d _____ **Location** _____
- 32 Did you qualify for any type of government-sponsored "national" health plan? **Yes** **No**
If "Yes," in what country?
- If "No," please explain ►
- If you have any other information to substantiate your closer connection to a country other than the United States or you wish to explain in more detail your response to lines 14 through 32, attach a statement to this form.

Sign here only if you are filing this form by itself and not with your U.S. tax return

Under penalties of perjury, I declare that I have examined this form and the accompanying attachments, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

► _____ **Your signature** ► _____ **Date**

General Instructions

Section references are to the U.S. Internal Revenue Code unless otherwise noted.

Purpose of Form

Use Form 8840 to claim the closer connection to a foreign country(ies) exception to the substantial presence test. The exception is described in Regulations section 301.7701(b)-2.

Note: You are not eligible for the closer connection exception if (1) you were present in the United States 183 days or more in calendar year 1997, or (2) you are a lawful permanent resident of the United States (i.e., green card holder).

Who Must File

If you are an alien individual and you meet the closer connection exception to the substantial presence test, you must file Form 8840 with the IRS to establish your claim that you are a nonresident of the United States by reason of that exception.

For more details on the substantial presence test and the closer connection exception, see **Pub. 519**, U.S. Tax Guide for Aliens.

Note: You can download forms and publications from the IRS Internet web site at www.irs.ustreas.gov.

Substantial Presence Test

You are considered a U.S. resident if you meet the substantial presence test for 1997. You meet this test if you were physically present in the United States for at least:

- 31 days during 1997, and
- 183 days during the period 1997, 1996, and 1995, counting all the days of physical presence in 1997 but only 1/3 the number of days of presence in 1996 and only 1/6 the number of days in 1995.

Days of Presence in the United States. Generally, you are treated as being present in the United States on any day that you are physically present in the country at any time during the day. However, you do not count the following days of presence in the United States for purposes of the substantial presence test.

1. Days you regularly commuted to work in the United States from a residence in Canada or Mexico.

2. Days you were in the United States for less than 24 hours when you were traveling between two places outside the United States.

3. Days you were unable to leave the United States because of a medical condition or medical problem that developed while you were in the United States.

4. Days you were an exempt individual.

In general, an **exempt individual** is a (a) foreign government-related individual, (b) teacher or trainee, (c) student, or (d) professional athlete competing in a charitable sports event. For more details, see Pub. 519.

Note: If you qualify to exclude days of presence in the United States because you were an exempt individual (other than a foreign government-related individual) or because of a medical condition or medical problem (see **item 3** earlier), you must file **Form 8843**, *Statement for Exempt Individuals and Individuals With a Medical Condition*.

Closer Connection Exception

Even though you would otherwise meet the substantial presence test, you will not be treated as a U.S. resident for 1997 if:

- You were present in the United States for fewer than 183 days during 1997,
- You establish that during 1997 you had a tax home in a foreign country, and
- You establish that during 1997 you had a closer connection to one foreign country in which you had a tax home than to the United States, unless you had a closer connection to two foreign countries.

Closer Connection to Two Foreign Countries

You may demonstrate that you have a closer connection to two foreign countries (but not more than two) if **all five** of the following apply.

1. You maintained a tax home as of January 1, 1997, in one foreign country.

2. You changed your tax home during 1997 to a second foreign country.

3. You continued to maintain your tax home in the second foreign country for the rest of 1997.

4. You had a closer connection to each foreign country than to the United States for the period during which you maintained a tax home in that foreign country.

5. You are subject to tax as a resident under the tax laws of either foreign country for all of 1997 or subject to tax as a resident in both foreign countries for the period during which you maintained a tax home in each foreign country.

Tax Home

Your tax home is your main place of business, employment, or post of duty regardless of where you maintain your family home. If you do not have a regular or main place of business because of the nature of your work, then your tax home is the place where you regularly live. If you do not fit either of these categories, you are considered an itinerant and your tax home is wherever you work.

Establishing a Closer Connection

You will be considered to have a closer connection to a foreign country than to the United States if you or the IRS establishes that you have maintained more significant contacts with the foreign country than with the United States.

When and Where To File

If you are filing a 1997 Form 1040NR or Form 1040NR-EZ, attach Form 8840 to it. Mail your tax return by the due date (including extensions) to the address shown in your tax return instructions.

If you do not have to file a 1997 tax return, mail Form 8840 to the Internal Revenue Service Center, Philadelphia, PA 19255 by the due date (including extensions) for filing Form 1040NR or Form 1040NR-EZ.

Note: If you file Form 8840 by itself, it will no longer be returned to you stamped "certified received." Instead, the form will be kept on file with the IRS.

Penalty for Not Filing Form 8840

If you do not timely file Form 8840, you will not be eligible to claim the closer connection exception and may be treated as a U.S. resident.

You will not be penalized if you can show by clear and convincing evidence that you took reasonable actions to become aware of the filing requirements and significant steps to comply with those requirements.

Specific Instructions

Line 6

If you answered "Yes" on line 6, do not complete Form 8840. You are not eligible for the closer connection exception. However, you may qualify for nonresident status by reason of a treaty. See Pub. 519 for details. If so, file **Form 8833**, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b), with your Form 1040NR or Form 1040NR-EZ.

If you do not qualify for nonresident status by reason of a treaty, file your U.S. income tax return using Form 1040.

Line 14

A "permanent home" is a dwelling unit (whether a house owned or rented, an apartment, or a furnished room) that is available at all times, continuously and not solely for short stays.

Line 30

For intangible assets, such as stocks and bonds, indicate the country of origin of the stock company or debtor. For example, if you own shares of a U.S. publicly traded corporation, the investment would be considered located in the United States, even though the shares of stock are stored in a safe deposit box in a foreign country.

Privacy Act and Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. Section 7701(b) and its regulations require that you give us the information. We need it to determine if you meet the closer connection exception to the substantial presence test. If you do not give us the information, you may be treated as a U.S. resident for U.S. income tax purposes.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal

Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

We may give this information to the Department of Justice as provided by law. We may also give it to cities, states, and the District of Columbia for use in administering their tax laws.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 13 min.
- Learning about the law or the form** 8 min.
- Preparing the form** 1 hr., 14 min.
- Copying, assembling, and sending the form to the IRS** 35 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

DO NOT send the form to this address. Instead, see **When and Where To File** on page 3.

